

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-08 COME-00 CIAE-00 INR-07 NSAE-00  
STR-04 AGRE-00 TRSE-00 OMB-01 INT-05 OES-06 CU-02  
/043 W

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R 100403Z FEB 77  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 3730  
INFO USLO PEKING  
AEMBASSY TOKYO 853  
AMEMBASSY TAIPEI  
AMEMBASSY SINGAPORE

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E.O. 11652: NA  
TAGS: EWTD, CH, US  
SUBJECT: CCPIT-NCUSCT DISCUSSION: CHINESE CARPET SALES

REF: PEKING 187

SUMMARY: NCUSCT HONG KONG REP, JOHN KAMM, HELD DISCUSSIONS  
ON SEVERAL US-PRC TRADE QUESTIONS WITH OFFICIALS OF CCPIT  
AND CHINA NATIVE AND ANIMAL BY-PRODUCTS CORP. DURING  
JANUARY. KAMM DISCERNED HEIGHTENED PRC INTREST IN  
TECHNICAL EXCHANGES PROPOSED BY NCUSCT. PEKING IS  
APPARENTLY PLANNING EXPANDED CARPET SALES, AND IS  
SUPPORTING ADVERSITING FOR THIS PRODUCT IN THE US. END  
SUMMARY.

1. NATIONAL COUNCIL FOR US-CHINA TRADE HONG KONG REP,  
JOHN KAMM, HAS PROVIDED CONGENOFFS WITH THE FOLLOWING  
REPORT ON HIS JANUARY 29 DISCUSSIONS WITH CCPIT OFFICIALS  
IN SHANGHAI. KAMM ATTENDED THREE PRC MAINIFAIRS FROM  
MID-JANUARY TO EARLY FEBRUARY AT THE INVITATION OF THE  
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CHINA NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT AND  
EXPORT CORP. (REFTEL).

2. KAMM'S MOST SIGNIFICANT MEETING WITH A PRC OFFICIAL  
TOOK PLACE ON JANUARY 29, WHEN HE MET WITH MR. KUP  
SZE-MIAN, HEAD OF US LIAISON DEPARMTNET OF CCPIT. KAMM  
BROACHED THREE QUESTIONS DURING THE MEETING. THE FIRST

CONCERNED TECHNICAL EXCHANGES UNDER THE AUSPICES OF THE NCUSCT. THE COUNCIL HAS FORMALLY PROPOSED EXCHANGES IN THE FIELDS OF MINING, CONSTRUCTION, PETROLEUM EQUIPMENT AND ANIMAL HUSBANDRY. KUO STATED THAT FIVE EXCHANGES (THE ABOVE FOUR PLUS PACKAGING) ARE BEING "SERIOUSLY CONSIDERED" BY CCPIT AND THAT CONSULTATION ARE UNDERWAY WITH END-USERS. KAMM WAS SURPRISED BY THE INCLUSION OF PACKAGING. A TECHNICAL EXCHANGE ON PACKAGING TECHNIQUES HAD NOT BEEN DISCUSSED BETWEEN CCPIT AND NCUSCT. HOWEVER, A NCUSCT COMMITTEE ON FOOD PROCESSING AND PACKAGING WHICH WAS FORMED LAST YEAR HAS SENT CCPIT A VERY TENTATIVE PROPOSAL FOR AN EXCHANGE OF INFORMATION IN PACKAGING. CCPIT HAS APPARENTLY SEIZED ON THIS AND INCLUDED IT AMONG THE EXCHANGE FORMALLY PROPOSED BY THE NCUSCT.

3. A SECOND QUESTION CONCERNED THE PRC FOLLOW-UP TO THE AGRICULTURAL CHEMICAL DELEGATION VISIT. KUA WAS NON-COMMITAL ON THIS.

4. THIRDLY KAMM RAISED THE GENERAL QUESTION OF PROSPECTS FOR US-CHINA TRADE. KUO REFERRED HIM TO REMARKS MADE LAST OCTOBER BY FOREIGN TRADE MINISTER LI CHIANG TO LEADERS OF A NCUSCT DELEGATION TO THE PRC. (IN THAT CONVERSATION LI REPORTEDLY SAID THAT PEKING IS INTERESTED IN IMPORTING COMPLETE PLANTS, MACHINERY, TECHNOLOGY AND POSSIBLY COTTON FROM THE US. LI STATED THAT NORMALIZATION WILL HAVE TO PRECEDE ANY LARGE INCREASE IN TRADE, BUT SOME DEVELOPMENT CAN TAKE PLACE LIMITED OFFICIAL USE

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BEFORE NORMALIZATION).

5. IN ADDITIONAL COMMENTS, KUO DISMISSED THE IDEA OF A NCUSCT OFFICE IN PEKING, SAYING THAT PRC FOREIGN TRADE CORPS MAINTAIN EXCEPT RELATIONS WITH USLO. AT THIS POINT, KUO EXPRESSED ENTHUSIASM REGARDING SUGGESTIONS MADE BY NCUSCT HEAD PHILLIPS REGARDING "INTERFLOW OF PERSONNEL". KAMM TOLD CONGENOFFS THAT THIS IS THE FIRST HE HAD HEARD OF THIS "INTERFLOW" SUGGESTION. MOREOVER, WHEN HE CHECKED WITH PHILLIPS AFTER RETURNING TO HONG KONG, PHILLIPS REPORTEDLY COULD NOT GUESS WHAT KUO HAD BEEN REFERRING TO.

6. KAMM REPORTED AGGRESSIVE PRC EXPORT PROMOTION AT THE CARPET MINIFAIR IN PEKING WHICH BEGAN ON JANUARY 20. HE NOTED THE AWARD OF AN EXCLUSIVE SALES CONTRACT TO ONE US FIRM AND HEIGHTENED PRC INTEREST AND INVOLVEMENT IN BUYER ADVERTISING SCHEMES. KAMM SAID THAT FIRMS WHOSE ADVERTISING PROPOSALS WERE

APPROVED BY PRC OFFICIALS WERE GRANTED DISCOUNTS  
ON PURCHASES IN ORDER TO COMPENSATE FOR ADVERTISING  
EXPENSES. FIRMS WERE APPRAENTLY REQUESTED TO KEEP  
PRCLO INFORMED OF ALL ADVERTISING EFFORTS IN THE US.  
THE PRC IS REPORTEDLY OPTIMISTIC ABOUT CARPET SALES  
PROSPECTS IN THE US MARKET. THE HEAD OF THE CHINA  
NATIVE PRODUCE AND ANIMAL-BY-PRODUCTS CARPETS  
DIVISION AKSED KAMM IF HE CONSIDERED SALES OF \$10-12  
MILLION TO BE A RELAISTIC TARGET FOR 1980.

7. KAMM IS PREPARING A DETAILED REPORT OF HIS TRIP AND  
DISCUSSIONS FOR THE COUNCIL. THE REPORT SHOULD BE IN  
WASHINGTON BY MONTH'S END.  
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## Message Attributes

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